ECONOMIC REVIEW 2016
ST. JOHN'S METROPOLITAN AREA

Outlook for 2017

Economic activity in the St. John's Census Metropolitan Area (CMA) is expected to remain subdued in 2017. There is expected to be a significant decline in capital investment as the Hebron and Long Harbour projects move past their peak construction periods, although capital investment will remain high in a historical context. In addition, government deficit reduction measures are expected to curtail expenditures in the public sector. As a result, most economic indicators including GDP, employment, and retails sales are expected to remain weak in 2017.

Economic Indicators
St. John's Metropolitan Area, 2015-2016

	2015	2016e	% Change
Real GDP (2007$M)	12,502	12,891	3.1%
Employment (000s)	115.9	116.4	0.4%
Labour Force (000s)	123.9	126.3	1.9%
Unemployment Rate (%)	6.5%	7.8%	1.3 ppts
Participation Rate (%)	69.3%	69.6%	0.3 ppts
Household Income ($M)	10,828	10,952	1.1%
Retail Trade ($M)	3,914	3,949	0.9%
Housing Starts	985	833	-15.4%
CPI (2002=100)	128.7	132.0	2.6%
Population (000s)	214.3	217.5	1.5%

Source: Statistics Canada; Economic Research and Analysis Division, Government of Newfoundland and Labrador Department of Finance e: estimate;

2016 Performance

Economy

Economic performance in the St. John's CMA was mixed in 2016. While real gross domestic product (GDP) is estimated to have posted positive growth, the labour and housing markets exhibited considerable weakness. Real GDP in the CMA is estimated to have increased by 3.1 per cent in 2016 to $12.9 billion (in 2007$)—in comparison to an increase of 0.6 per cent for the province as a whole. The increase is primarily due to increased oil production as most of the activity in the province's oil and gas industry is allocated to the CMA. Offshore oil production increased by 14.1 million barrels in 2016 to 76.7 million barrels, up 22.5 per cent over 2015. Excluding the oil and gas industry, the CMA's real GDP is estimated to have increased by 0.6 per cent.

ST. JOHN'S

Prepared by the Government of Newfoundland and Labrador Department of Finance (Economic Research and Analysis Division) and the City of St. John's (Economic Development, Culture and Partnerships Division)

2016 Performance

Labour Market

Employment in the St. John's CMA increased by 0.4 per cent (or 500 persons) to 116,400 in 2016. Goods sector employment declined by 700 persons (-3.5 per cent) while services sector employment increased by 1,200 persons (1.3 per cent). The labour force grew by 1.9 per cent to 126,300 and since labour force growth was greater than that of employment, the unemployment rate increased by 1.3 percentage points to 7.8 per cent. Among all the 33 CMAs in Canada, only five had a higher unemployment rate than that of the St. John's CMA in 2016.

Household Income, Retail Sales and Housing Starts

Household income increased by 1.1 per cent in 2016 to $11.0 billion, the lowest rate of growth in this indicator since 1997. The slow growth in household income was reflected in retail sales which increased by only 0.9 per cent to $3.9 billion. Housing starts fell by 15.4 per cent to 833 units with declines in both single and multiple starts. Canadian Real Estate Association MLS® data indicates that housing sales and average sales prices in the CMA fell by 7.2 per cent and 5.2 per cent respectively in 2016.

Population

In 2016, the population of the St. John's CMA is estimated to have increased by 1.5 per cent to 217,454 as of July 1, 2016. Gains resulted from natural population growth (more births than deaths) and net in-migration to the region.

Note: The annual population estimates, prepared by Statistics Canada's Demography Division, are the "official" population estimates and are used to determine things such as provincial entitlements from federal transfer programs such as the Canada Health Transfer. The Census, which is conducted once every five years, is an important tool for computing the "official" population estimates, but they do not count everyone. Several adjustments are made to the Census figures, in particular accounting for people missed during Census enumeration, to get the final "official" population numbers.

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